

Message Text

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ACTION ARA-10

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TO SECSTATE WASHDC 6912

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EO 11652: GDS

TAGS: EMIN VE

SUBJECT: FINAL SETTLEMENT BETWEEN KAISER INDUSTRIES AND
CORPORACION VENEZULANA DE GUAYANA

1. ROBERT CONNOR, LOCAL REPRESENTATIVE OF KAISER INDUSTRIES, INFORMED ME TODAY THAT A FINAL AGREEMENT HAS BEEN REACHED BETWEEN KAISER AND CVG WHEREBY PAYMENT OF \$7 MILLION OWED BY KAISER TO CVG WILL BE WAIVED ALTHOUGH \$3 MILLION MUST STILL BE PAID OUT OF AN ORIGINAL OBLIGATION OF \$10 MILLION. HOWEVER, CONNOR CONFIDED THAT TAX-WISE (IN U.S.) KAISER STANDS TO BENEFIT MUCH MORE THAN ACTUAL VALUE OF WAIVER OF ITS OVERALL \$10 MILLION OBLIGATION TO VENEZUELA. ALTHOUGH EDGAR KAISER WAS RELUCTANT TO SETTLE ON THESE TERMS IN VIEW OF KAISER'S HUGE LOSS IN CONSTRUCTION OF GURI DAM (TOTALING SOME \$50 MILLION), HE WAS AT LAST PERSUADED BY NEW PRESIDENT OF KAISER INDUSTRIES AND BY CONNOR THAT THIS SETTLEMENT WAS BETTER THAN NOTHING. IN CONSEQUENCE, FORMAL DOCUMENTS WILL BE SIGNED EITHER THIS WEEK OR NEXT WIPING OUT KAISER'S CLAIM AGAINST GOV AND ANY COUNTERCLAIMS WHICH GOV THROUGH CORPORACION VENOZOLANA DE GUAYANA MIGHT HAVE HAD AGAINST KAISER. MCCLINTOCK

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